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The Conference Board

A Topical Report from the Consumer Research Center — December 1991

Special Consumer Survey Report

Christmas 1991 Spending Plans Lower Than Last Year

Consumer spending for Christmas 1991 is likely to fall short of the lackluster levels of last year. Based on a survey conducted by the Consumer Research Center of The Conference Board, the average U.S. household expects to spend about $375 on Christmas gifts this year. This is estimated to add up to a total of close to $36 billion, which is about 3 percent less than the estimate made last year, based on an identical survey.

The more modest plans for Christmas spending are not unexpected. The prevailing economic environment is less positive than last year at this time—Gross National Product is lower, the unemployment rate is higher, and consumers are considerably less comfortable with the prevailing state of the economy. However, as we move closer to Christmas, the gift-giving spirit may become somewhat more generous. Still, this year compared with last year, there will be substantially fewer shopping days between Thanksgiving and Christmas—26 days, compared with 32, a difference of nearly 20 percent.

The survey of Christmas spending plans, covering a nationwide sample of 5,000 households, was conducted for the Board in November by National Family Opinion, Inc., of Toledo, Ohio. Among other survey findings:

- Well over a third of the nation's households intend to spend less than $200 for Christmas gifts this year.
- About two out of every five households have a gift budget of between $200 and $500.
- Roughly one out of every four homes report that they will spend over $500 for Christmas gifts. They will account for somewhat over half of all Christmas spending.
- Households headed by persons age 45-54 have the highest spending plans. This is the most affluent age group; also, in many families children are still present.
- Those aged 55-64 also have above-average spending plans. Here, we have many couples who are already grandparents.

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- There are some fairly large differences by region of the country.
- In the Northeast, the Season's gift budget runs fairly well above average, though somewhat lower than a year ago.
- In the Midwest, the level of intended spending is close to the all-country average. This is the only region where Christmas spending plans are above a year ago.
- While intended Christmas spending in the West is slightly above the U.S. average, gift budgets are lower than those of last year.
- In the South, where household income tends to be below par, planned outlays are modest, and quite a bit lower than a year ago.
- Evidently, plans to spend rise with income. Households in the $50,000-and-over income bracket account for about 25 percent of all homes, but an estimated 40 percent of total planned Christmas spending.

Fabian Linden

*How much will you be spending on gifts this Christmas?**

TOTAL U.S.	**$375**
REGION	
Northeast	$422
Midwest	$376
South	$351
West	$382
AGE OF HOUSEHOLD HEAD	
Under 25	$386
25-34	$384
35-44	$393
45-54	$466
55-64	$402
65 and Over	$293
HOUSEHOLD INCOME	
Under $15,000	$181
$15,000-$25,000	$274
$25,000-$35,000	$386
$35,000-$50,000	$470
$50,000 and over	$590

* Figures represent average planned household expenditures on Christmas gifts for 1991.

The Conference Board, 845 Third Avenue, New York, New York 10022
The Conference Board Europe, Avenue Louise, 207-Bte 5, B-1050 Brussels, Belgium
The Conference Board of Canada, 255 Smyth Road, Ottawa, Ontario, KIH-8M7

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Serving Business and Society Since 1916

A Topical Report from the Consumer Research Center May 1992

Special Consumer Survey Report

Living Standards: Boomers and Their Parents

It is an increasingly fashionable view among many of the nation's social commentators that the baby boom generation — today's young adults — are not doing as well economically, and are not likely to do as well as their parents. We frequently encounter the notion that the "American Dream" is becoming only a dream. Today's young, we are told, cannot realistically maintain the same ambitious expectations of their parents' generation. Such warnings have increased in intensity as the economy has weakened, lending seeming credibility to the view that our future may not be as prosperous as our past.

How accurate are these disconcerting observations of the changing American scene? The ultimate authority on this question is not the sociologist, but the general public. To that end, the Conference Board conducted a survey that asked people to compare their present economic circumstances with those of their parents during the last years that they were still living in their parents' home. In addition, respondents were asked to compare their personal opportunities with those of their parents when their parents were at the same age. Last, they were asked whether they thought that their children would eventually achieve the same standard of living as their own. The survey, conducted for the Conference Board by NFO Research Inc. of Toledo, Ohio, covered a representative national sample of 5,000 households.

On the first question, how people compare their present standard of living with that of their parents during the last years in which they were living at home, 63 percent say they are better off than their parents. For men, the ratio is somewhat higher, for women somewhat lower. There are also differences by age. Among males under age 35, about 46 percent report that their conditions are better than those of their parents; for women the figure is 37 percent. Slightly fewer than 25 percent of young men say their living standards are not as good as those of their parents. For women, the figure is only marginally higher. Of course, it must be kept in mind that these are young persons still early in their careers, while in their last years living at home their parents were in their peak earning years. Further along in the age scale, significantly more people feel that they are living better than their parents.

On the question of how Americans compare their own opportunities with those of their fathers and mothers at the same age, responses were strongly positive in all age groups, and particularly among women. Overall, almost 70 percent of men feel they have greater opportunities than their fathers had, and more than 75 percent of women say they enjoy more opportunities than their mothers did. These figures increase slightly with the age of the respondent.

Finally, on the question of whether today's parents believe that their children will achieve a standard of living in their lives comparable to their own, 55 percent say they expect their offspring to have better living standards. This, broadly, is the view of all age groups.

In brief, a majority of Americans today feel that their standard of living and their opportunities are better than those of their parents. They also expect that their children will, or already have, exceeded their own accomplishments. A close look at the facts confirms these general perceptions. For example, today, about one in three men aged 35 has earned a college degree, but in their fathers' generation, the figure was only about one out of six. Among women, the gain is even greater. One out of every four young adult women hold a college degree, compared with only one in ten in their mothers' generation. Furthermore, today the average income of young families aged 25-35 is a real 40 percent higher than thirty years ago, when their parents were that age. More broadly, over that time period the nation's per capita disposable income has nearly doubled.

We may be dreaming less, but we are accomplishing more.

Fabian Linden

How would you compare your present standard of living with that of your parents during the last few years that you were living at home?

	Age of Household Head					
	Total	*Under 35*	*35-44*	*45-54*	*55-64*	*65 & Over*
			Percent of Male Respondents			
Better	64.9	46.4	56.9	72.2	74.3	80.6
Same	22.0	30.6	27.4	16.3	17.7	14.9
Worse	13.1	23.0	15.7	11.5	8.0	4.5
			Percent of Female Respondents			
Better	61.7	37.3	54.0	67.2	74.7	78.8
Same	23.7	36.0	26.0	19.6	18.3	16.7
Worse	14.6	26.7	20.0	13.2	7.0	4.5

Do you feel that you have greater or fewer opportunities than your father/mother had when he/she was about your age?

	Age of Household Head					
	Total	*Under 35*	*35-44*	*45-54*	*55-64*	*65 & Over*
			Percent of Male Respondents			
Greater	68.7	60.1	66.5	70.1	74.0	75.4
Same	14.6	19.0	11.1	13.6	13.6	15.3
Fewer	16.7	20.9	22.4	16.4	12.4	9.3
			Percent of Female Respondents			
Greater	76.5	73.5	77.7	78.1	77.9	76.2
Same	13.7	16.0	10.4	13.5	12.5	15.8
Fewer	9.7	10.4	11.9	8.4	9.7	8.0

Do you believe that your children will achieve a standard of living in their lifetime that will be better, the same or worse than you will have achieved in your lifetime?

	Age of Household Head					
	Total	*Under 35*	*35-44*	*45-54*	*55-64*	*65 & Over*
			Percent of Total Respondents			
Better	54.6	52.6	51.0	50.1	55.0	62.5
Same	29.9	32.5	30.4	30.4	30.5	26.1
Worse	15.5	14.9	18.5	19.5	14.4	11.4

Source:
NFO Research, Inc.

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Serving Business and Society Since 1916

A Topical Report From the Consumer Research Center **October 1992**

Special Consumer Survey Report

Value for the Dollar

- Foods bought for home consumption — poultry, fruits, vegetables, meat — are perceived by the nation's consumers to give good value for money spent. Fast foods, however, are considered to provide relatively poor value for money.
- Good value ratings are also given to video tape rentals, TV sets, household appliances, and telephone and electric services.
- Premium pay television, hospital costs, health insurance, credit card charges, lawyers' fees, cable TV, and movie admissions are rated as giving exceptionally low value by consumers.
- Repair services are generally considered to be too costly for the work done.

These are some of the findings reported from a survey conducted for The Conference Board by National Family Opinion (NFO), Inc., of Greenwich, Conn. The survey was based on a representative sample of U.S. households. Consumers were asked to assess the value received for the money spent for 50 different goods and services. The sample was divided into two equal groups. Each group was queried on half of the items included in the survey. Participants were given three response options — "good," "average" or "poor" value. Over 150,000 item evaluations were received from more than 6,500 participating households. In developing the list of items included, representative goods and services were selected from every major category of consumer expenditures: food, clothing, home furnishings and maintenance, transportation, medical and personal care, recreation, and financial and legal services.

It is not realistic to compute an appraisal of the overall level of consumer satisfaction since the various items included in the survey are not weighted in accordance with their relative importance in the family's total market basket.

It should also be cautioned that the patterns of inflation are a significant factor affecting the consumer's perception of value. It is evidently not possible for consumers to make an objective assessment of the "fair" dollar value of any item. Accordingly, when the price for any particular item rises rapidly in a relatively short period, consumers feel they are getting less value for their money.

"How do you rate the value you get for your money when you purchase each of the following items?"

Product	*Good*	*Average*	*Poor*	*Composite Rating**
Foods				
Meat	28.8%	60.6%	10.6%	59.1
Fish	24.5%	58.3%	17.2%	53.7
Poultry	46.4%	47.9%	5.8%	70.3
Fast Foods	14.5%	57.2%	28.3%	43.1
Restaurant Meals	22.1%	63.3%	14.5%	53.8
Fruits, Vegetables	36.0%	54.4%	9.6%	63.2
Apparel				
Men's Apparel	18.4%	65.1%	16.5%	50.9
Women's Apparel	18.2%	59.8%	22.0%	48.1
Dry Cleaning	15.9%	56.3%	27.8%	44.1
Shoes	21.2%	60.5%	18.2%	51.4
Home Furnishings & Equipment				
TV Set	32.0%	61.5%	6.4%	62.8
Appliances	25.5%	65.8%	8.7%	58.4
Furniture	15.5%	63.9%	20.5%	47.5
Carpets	15.3%	70.5%	14.2%	50.6
Home Services & Utilities				
Appliance Repairs	10.5%	50.9%	38.6%	36.0
Telephone Service	31.6%	51.8%	16.6%	57.5
Electricity	29.6%	52.4%	18.0%	55.8
Home Repairs	12.0%	54.4%	33.7%	39.2
Transportation / Travel				
Mass Transit	13.0%	55.3%	31.7%	40.6
Cars (U.S.)	20.2%	54.0%	25.7%	47.2
Cars (Foreign)	22.3%	53.3%	24.4%	48.9
Auto Repairs	13.0%	47.2%	39.7%	36.7
Air Fares	10.3%	55.8%	33.9%	38.2
Hotel Stays	9.2%	59.9%	30.9%	39.1
Used Cars	9.2%	56.9%	34.0%	37.7
Auto Insurance	9.7%	46.1%	44.2%	32.8
Car Rental	9.6%	60.4%	29.9%	39.8
Medical Care				
Doctors' Fees	9.5%	44.1%	46.5%	31.5
Dentists' Fees	9.5%	47.3%	43.2%	33.1
Hospital Charges	4.8%	30.6%	64.6%	20.1
Health Insurance	9.6%	35.2%	55.2%	27.2
Prescription Drugs	21.7%	39.2%	39.1%	41.3
Personal Care				
Personal Care	17.9%	68.1%	13.9%	52.0
Haircuts	30.2%	54.4%	15.5%	57.4
Eyeglasses	19.4%	52.8%	27.8%	45.8
Contact Lenses	14.4%	58.2%	27.4%	43.5
Life Insurance	10.4%	60.0%	29.6%	40.4
Finance / Legal Charges				
Lawyers' Fees	4.6%	35.6%	59.8%	22.4
Bank Service Fees	9.8%	41.7%	48.5%	30.7
Credit Card Fees	5.6%	33.6%	60.8%	22.4
Recreation				
Videotape Rental	36.4%	54.2%	9.3%	63.5
Movies at Theatres	7.8%	43.1%	49.1%	29.4
Cable TV	8.9%	39.8%	51.3%	28.8
Premium Pay TV	3.8%	31.5%	64.7%	19.6
Compact Discs	11.0%	65.0%	24.1%	43.5
Adm. Sports Events	4.6%	44.1%	51.3%	26.7
Other Items				
Pet Food	27.5%	61.0%	11.5%	58.0
Children's Toys	10.3%	55.3%	34.4%	38.0
U.S. Postage	17.9%	49.9%	32.2%	42.9
College Tuition	8.6%	43.5%	47.8%	30.3

* The Composite Rating equals the percentage of "Good" replies plus one-half the percentage of "Average" replies for an item.

The survey results were tabulated by age, household income, and region. The findings of this effort are not particularly enlightening — there seem to be faint differences in the way the various age segments of the population assess the various goods and services. In fact, the findings fail to document some prevailing notions. The elderly, it is widely assumed, tend to be more critical, but the survey's findings do not confirm this general assumption. There are few significant differences by age for most of the items included in the survey.

There is also very little difference in the general degree of satisfaction according to earning bracket. Nor are there significant differences by geographical region.

Here is a category-by-category summary of survey results:

Food. Fresh food generally receives a high rating by consumers. A very high proportion of respondents, close to one out of every two, consider poultry to be a "good buy." Meat and fish rate somewhat lower. Fresh fruits and vegetables are considered to be a good value by well over a third of all consumers. Fresh produce receives a particularly positive rating from those in the more affluent earning brackets, probably because of the higher level of education. This category also receives a strong endorsement from those in the Pacific region. Restaurant meals are given a moderately favorable assessment, but fast foods are rated a good deal less positively, particularly by those in the higher earning brackets. However, they are somewhat more popular among the elderly.

Apparel. The average American considers most apparel purchases as providing reasonable value. Men's clothing receives a somewhat higher rating than women's apparel. Shoes are also regarded as providing even better value for money. On all three items, some three-fifths of consumers feel they get "average" value. The young tend to give apparel items a somewhat more positive rating than the elderly. There is very little difference in how such merchandise is assessed by income level. Dry cleaning services are viewed less favorably than apparel products.

Home Furnishings & Equipment. Most of the products in this category receive positive assessments by consumers. TV sets get exceptionally high marks — about a third of all consumers feel that they get good value, and an additional 60 percent feel they get fair value. Appliances receive almost as positive a grade. However, furniture and carpets fare less well. Still, roughly two-thirds of all respondents feel that both these

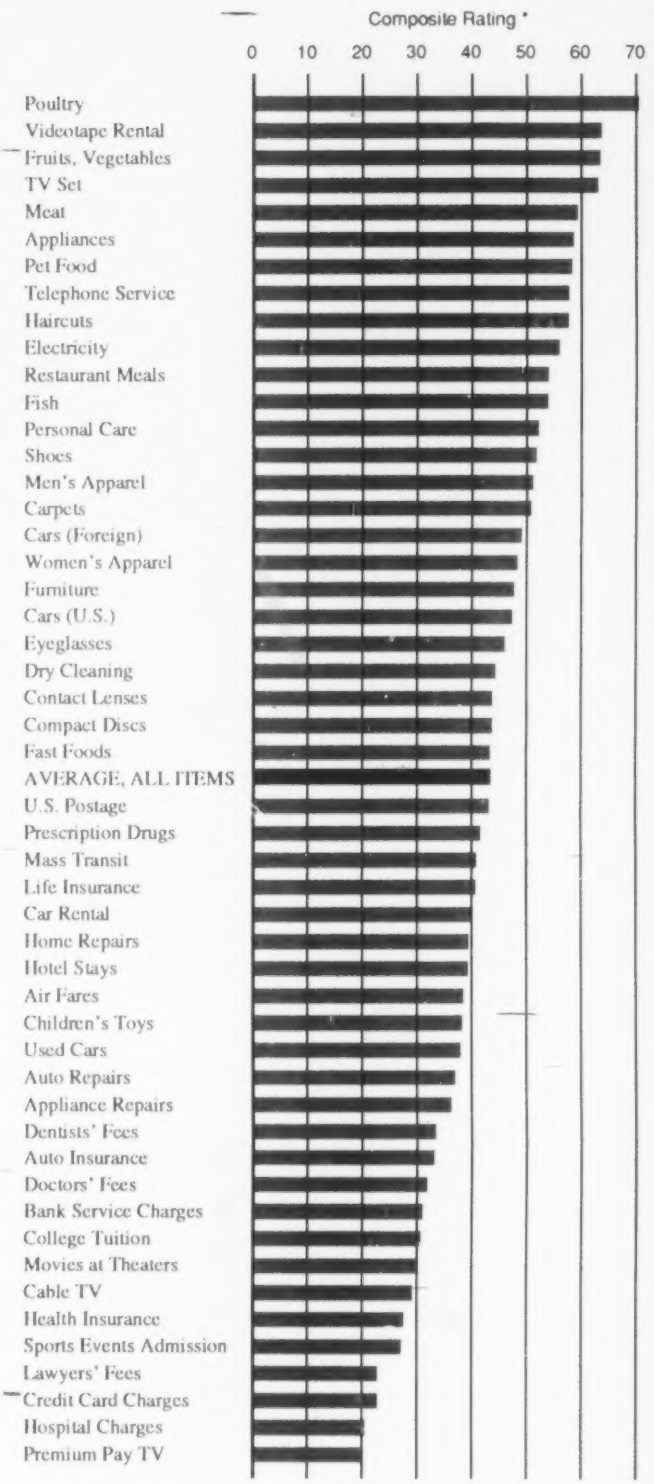
products provide normal value for money spent. There appear to be very few differences in how this broad category is assessed by age, income level or region.

Home Services, Utilities. In this broad category, telephone services receive an exceptionally good rating, as do the services provided by local electric companies — both are viewed as "good" values by about 30 percent of respondents, while only slightly more than half as many rate these services as "poor." The assessment here improves markedly with age but declines with income. However, home repairs and appliance repairs receive more negative assessments. In both cases, over a third of those surveyed consider such services as providing poor value for the money spent.

Transportation. The average family gives the American-made automobile a reasonably positive grade. Some 20 percent of all survey participants believe that they receive good value for money in buying an American model automobile. Foreign cars get a moderately higher rating of 22 percent. The young and the affluent tend to prefer foreign cars, while those who are no longer young and those with modest incomes are more favorably disposed to American-made models. Foreign automobiles are substantially more popular in the Pacific region, while cars made in the United States are preferred in the Midwestern states. Used cars, however, are considered a good buy by only about one out of every ten consumers, while more than one in three feel that they provide "poor" value. Similarly, about three times as many consumers believe that automobile rentals and hotel stays constitute poor value for money spent as the number that grade them as providing good value. The automobile insurance industry receives an even more unfavorable assessment. Consumers are also very critical of the value received for air fares. Close to 35 percent give this industry a "poor" rating, only 10 percent a positive assessment. However, older people give air fares slightly more favorable grades.

Medical & Personal Care. Medical care charges represent the major issue of consumer discontent. More than two out of every five survey respondents believe that they receive poor value from doctors and dentists, less than 10 percent believe that their money is well spent for such services. Two out of every three survey respondents are highly critical of hospital charges. The health insurance industry receives almost as negative a rating. In purchasing prescription drugs, only one out of every five consumers believes that they receive good value, while twice as many believe they receive poor value. Life insurance receives a similarly low rating. Medical services — doctors, dentists, medical insurance, etc. — tend to be assessed somewhat less negatively by the elderly. However, those over 65 give prescription drugs, as well as optometric products, lower grades than the young.

The Degree of Consumer Acceptance



* For definition of Composite Rating, see footnote to table.

Financial & Legal Charges. All the services included in this designation receive extremely negative ratings. Lawyer's fees receive particularly low marks. Some 60 percent of all survey respondents feel that they receive poor service for the money spent on legal help. Credit card charges are given just about the same negative assessment. Banks are also considered to provide poor value for their service charges. Almost half of respondents express this view; only one in ten gives this industry a good grade. The elderly give financial services a somewhat more positive rating than younger respondents.

Recreation. Goods and services in the entertainment category are given mixed reviews. Videotape rentals rate very high on the consumer's list — over 35 percent of respondents say they offer "good" value, compared with less than 10 percent who say "poor." Admissions to movie theaters, in contrast, are given a grade of "poor" by nearly half of those surveyed. Among the lowest readings of all the goods and services included in this survey, cable television charges and premium pay television are considered to be "poor" buys by more than half of all survey participants. Most consumers say that compact discs offer reasonable value. They are ranked close to the middle of the list. For most of these items, there are only minor differences by age and income bracket.

Other Items. Close to half of all consumers feel that they receive poor value for college tuition costs. Roughly one out of every three citizens feels that they receive poor value from the U.S. Post Office. Children's toys receive a comparable rating. However, most pet owners report that their dogs and cats gleefully wag their tails when served their branded pet foods.

Fabian Linden

Detailed Survey results by demographic characteristics and major geographical regions are available to members of The Conference Board's Consumer Research Center upon request.

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The Conference Board, 845 Third Avenue, New York, New York , 10022
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